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20-1020



# TOWNSHIP OF FREDERIC

Crawford County, Michigan

# FINANCIAL STATEMENTS

June 30, 2004

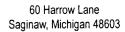


# Michigan Deptartment of Treasury 496 (2-04) Auditing Procedures Report Issued under P.A. 2 of 1968, as amended.

Local Gove	rnment Type  Towr		Village	Other	Local Governme		DERIC		County CRAWFORD			
Audit Date 6/30/04		•	Opinion E			Date Accour 12/27/04	itant Report Submitt	ed to State:				
accordan	ce with th	e Sta	atements of	the Govern	mental Accou	unting Stan	t and rendered dards Board (0 gan by the Michi	GASB) and th	nt Rica(u	tements prepared in Reporting Format for EIVED		
We affirm										FTREASURY		
1. We h	ave compl	ied w	ith the <i>Bulleti</i>	in for the Au	dits of Local L	Inits of Gov	ernment in Micl	higan as revise	d. UEC	<b>2 8</b> 2004		
2. We a	re certified	l publ	ic accountant	ts registered	to practice in	Michigan.		- 1,	OCAL AUDIS	į		
We furthe	er affirm the s and reco	e follo mme	owing. "Yes" r ndations	esponses h	ave been disc	closed in the	e financial state	ments, includin	g the notes,	&rfH444CEpost of		
You must	check the	appli	cable box for	each item b	elow.							
Yes	✓ No	1.	Certain comp	onent units/	funds/agencie	es of the loc	al unit are exclu	uded from the f	inancial sta	tements.		
Yes No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).												
Yes	Yes No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).											
Yes	Yes No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.											
Yes	✓ No	5.	The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).									
Yes	<b>√</b> No	6.	The local unit	t has been o	delinquent in d	listributing t	ax revenues tha	at were collecte	d for anothe	r taxing unit.		
Yes	<b>√</b> No	7.	pension bene	efits (norma	I costs) in the	current ye	quirement (Artional (Artio	s more than 1	00% funded	current year earned and the overfunding year).		
Yes	✓ No		The local un (MCL 129.24		dit cards and	has not a	dopted an appli	icable policy a	s required	oy P.A. 266 of 1995		
Yes	✓ No	9.	The local uni	t has not ad	opted an inves	stment poli	cy as required b	y P.A. 196 of 1	997 (MCL 1	29.95).		
187 - 4	دا-سم	1 4h	falla!==:					Enclosed	To Be Forward			
			following: and recomme	endations.				✓	Olwald	- Roquilou		
					programs (pr	ogram aud	its).	<u> </u>		1		
	udit Repor									<b>√</b>		
	Public Account		irm Name) OMPANY, C	PAs					(OL-1-	710		
Street Address City State ZIP 60 HARROW LANE SAGINAW MI 48603												
	Accountant Signature  Accountant Signature  12/27/04											

## TABLE OF CONTENTS

	PAGE
Independent Auditors' Report	1
Basic Financial Statements:	
Fund Financial Statements: Governmental Funds: Balance Sheet	3
Fiduciary Funds: Statement of Net Assets	5
Notes to Financial Statements	7
Required Supplemental Information:	
Budgetary Comparison Schedule – General Fund  Budgetary Comparison Schedule – Special Revenue Fund – Fire and Ambulance Fund  Budgetary Comparison Schedule – Special Revenue Fund – Trash Collection Fund	16 17 18
Other Supplemental Information:	
General Fund: Detailed Schedule of Revenues Detailed Schedule of Expenditures	20 21
Nonmajor Governmental Funds:  Combining Balance Sheet	25 26
Fiduciary Funds: Combining Statement of Changes in Assets and Liabilities	27
Management Letter	28



(989) 791-1555 Fax (989) 791-1992



#### INDEPENDENT AUDITORS' REPORT

To the Township Board Township of Frederic, Michigan

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Township of Frederic, Michigan, as of and for the year ended June 30, 2004, which collectively comprise a portion of the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Frederic's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

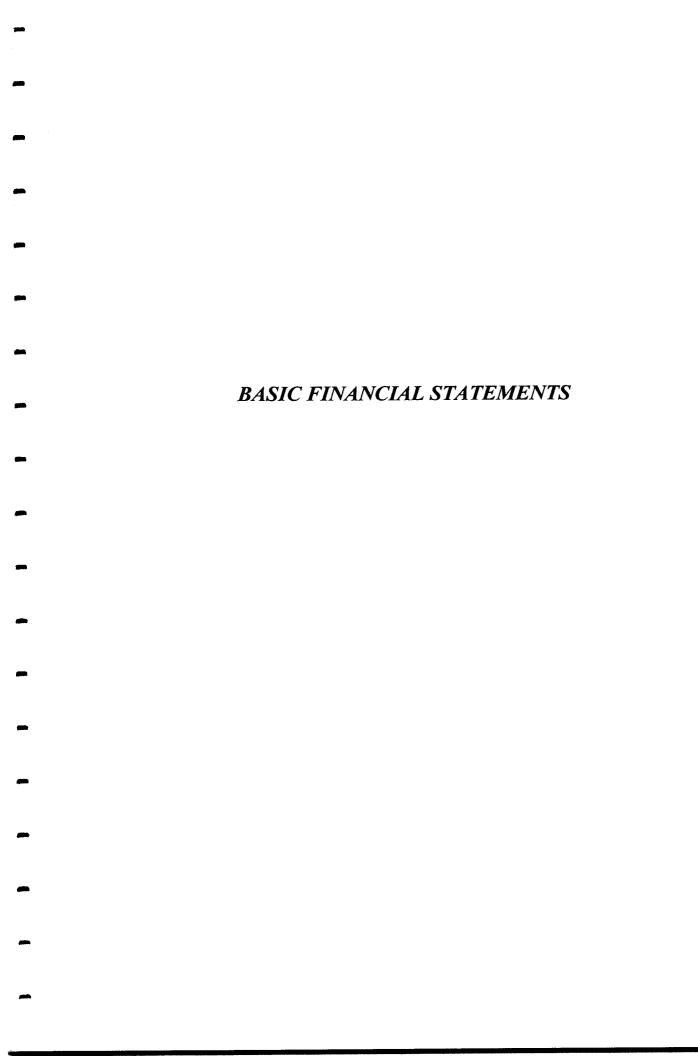
Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amount that would be reported in the government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Frederic, Michigan, as of June 30, 2004, or the changes in its financial position for the year then ended.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

November 17, 2004

Berthiaume & Co.



## GOVERNMENTAL FUNDS

## **BALANCE SHEET**

June 30, 2004

	General Fund		Fire and Ambulance Fund		Trash Collection Fund		Nonmajor Governmenta Funds		Total Governmenta Funds	
Assets:	Φ.	20.607	dr.	72 072	\$	06 660	\$	19,950	\$	211,189
Cash and cash equivalents Accounts receivable	\$	20,607 1,736	\$	73,972 3,588	Ф	96,660 -	Φ	19,930	Φ	5,324
Due from other governmental units		32,289				-				32,289
Total assets	<u>\$</u>	54,632	<u>\$</u>	77,560	<u>\$</u>	96,660	<u>\$</u>	19,950	\$	248,802
Liabilities and Fund Balances:  Liabilities:										
Accounts payable										
and accrued expenses	\$	4,012	<u>\$</u>	20,837	\$	23	\$	947	\$	25,819
Total liabilities		4,012		20,837		23		947		25,819
Fund balances:										
Undesignated, reported in:										<b>50.600</b>
General fund		50,620		-		-		10.002		50,620
Special revenue funds				56,723		96,637		19,003		172,363
Total fund balances		50,620		56,723		96,637	. <u></u>	19,003		222,983
Total liabilities and fund balances	\$	54,632	\$	77,560	\$	96,660	\$	19,950	<u>\$</u>	248,802

## GOVERNMENTAL FUNDS

# STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended June 30, 2004

Revenues:	_	eneral Fund	Fire and Ambulance Fund		-	Trash Collection Fund		Nonmajor Governmental Funds		Total Governmental Funds	
Taxes	\$	57 211	ø	07.541	•	110 441	•		_		
Licenses and permits	Ф	57,311	\$	87,541	\$	119,441	\$	-	\$	264,293	
State grants		18		1 700		-		22,152		22,170	
Contributions from other units		123,777		1,780		-		-		125,557	
Charges from services		12 640		24,699		-		-		24,699	
Interest and rents		13,648		75,940		-		-		89,588	
		4,136		-		-		-		4,136	
Other revenue		5,024		18,424	_			972		24,420	
Total revenues		203,914		208,384		119,441		23,124		554,863	
Expenditures:											
Current:											
General government		109,767		_		_		_		109,767	
Public safety		1,582		134,325		_		28,947		164,854	
Public works		7,107		15 1,525		100,693		20,347		104,834	
Community and economic develop		12,887		_		100,093		-		-	
Recreation and culture		3,377		_		-		-		12,887	
Other		6,080		_		•		-		3,377	
Capital outlay		8,011		194,009		-		1 617		6,080	
Debt service:		0,011		174,007		-		1,617		203,637	
Principal		34,654		49,994						04.640	
Interest and charges		1,706		1,472		-		-		84,648	
interest and charges		1,700		1,472						3,178	
Total expenditures		185,171		379,800		100,693		30,564		696,228	
Excess (deficiency) of											
revenues over expenditures		18,743		(171,416)		18,748		(7,440)		(141,365)	
Other financing sources (uses):											
Proceeds from loan		6,050		136,200		-		_		142,250	
Transfers in		<b>-</b>		•				24,832		24,832	
Transfers out		(24,832)		-		_		- 1,002		(24,832)	
Tatal attan Carana'										7/	
Total other financing sources (uses)		(18,782)		136,200		-		24,832		142,250	
Net change in fund balances		(39)		(35,216)		18,748		17,392		885	
Fund balances, beginning of year		50,659		91,939		77,889		1,611		222,098	
Fund balances, end of year	\$	50,620	<u>\$</u>	56,723	\$	96,637	\$	19,003	<u>\$</u>	222,983	

The accompanying notes are an integral part of these financial statements.

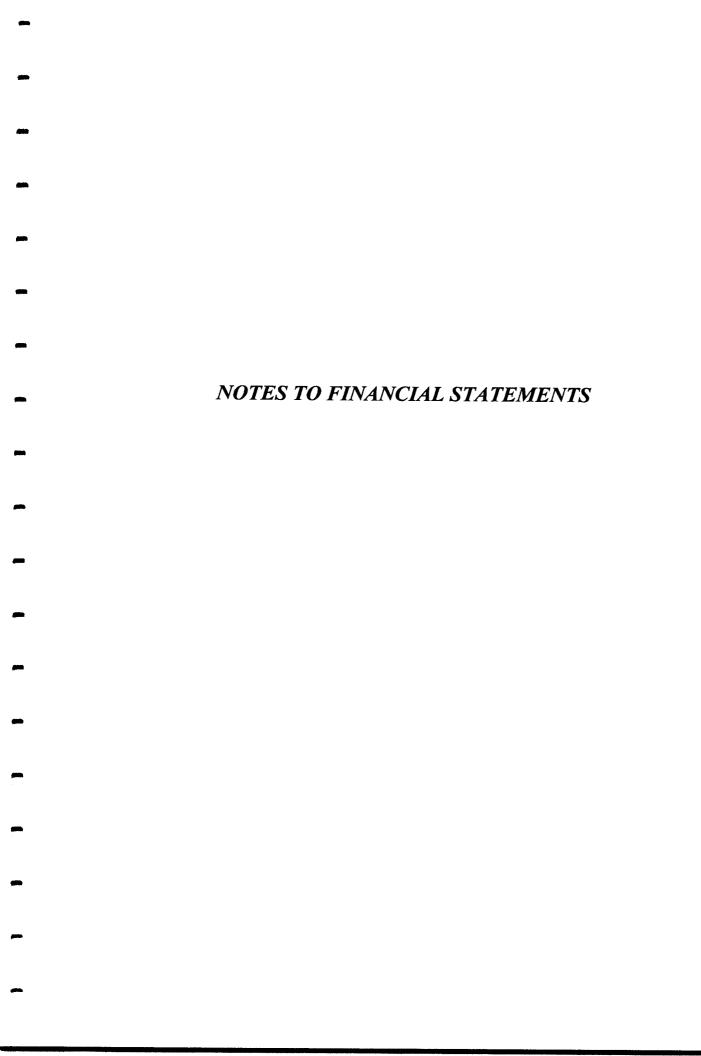
# TOWNSHIP OF FREDERIC

## FIDUCIARY FUNDS

## STATEMENT OF NET ASSETS

June 30, 2004

Assets:	Agency Funds
Cash and cash equivalents	
Cash and Cash equivalents	\$ 2,712
Total assets	2,712
Liabilities:	
Accounts payable	1,736
Due to other governmental units	976
Total liabilities	2,712
Net Assets:	
Unrestricted	
Total net assets	<u> </u>



#### NOTES TO FINANCIAL STATEMENTS

June 30, 2004

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Frederic (the Township) is located in Crawford County, Michigan. The Township operates under an elected Board of Trustees and provides services to more than 1,400 residents, primarily from the operations of its General Fund and Special Revenue Funds. The Township's services include general township departments and boards, roads, fire protection and ambulance service, liquor law enforcement, trash collection and library services.

The accounting policies of the Township of Frederic conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

#### Reporting Entity:

The Township has adopted the position of Government Accounting Standards Board Statement 14 regarding the definition of the "reporting entity". The basic criterion for including a governmental organization in a governmental unit's financial report is the exercise of oversight responsibility over such agencies by the governmental unit's elected officials. The manifestations of such oversight responsibility are financial interdependency, selection of governing authority, designation of management, ability of significant influencing operations and accountability for fiscal matters.

The Township, accordingly, has no component units to report in its financial statements.

#### Basis of Presentation - Fund Accounting:

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

#### **Basis of Accounting:**

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Township has not presented government-wide basic financial statements, which consist of the statement of net assets and statement of activities, as required by accounting principles generally accepted in the United States of America.

#### **FUND FINANCIAL STATEMENTS**

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current

June 30, 2004

period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The Township reports the following major governmental funds:

<u>General Fund</u> – The General Fund is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

<u>Fire and Ambulance Fund</u> – The Fire and Ambulance Fund is used to account for a tax levy used to provide fire protection and ambulance services to the residents.

<u>Trash Collection Fund</u> – The Trash Collection Fund is used to account for a special assessment levy used to provide trash collection to the residents.

#### Assets, Liabilities and Equity:

<u>Deposits and Investments</u> – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

<u>Receivables and Payables</u> — Generally, outstanding amounts owed between funds are classified as "due from/to other funds". These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

<u>Property Taxes</u> — Township property taxes are attached as an enforceable lien on property as of December 1 and are due without penalty before February 15. These tax bills include the Township's own property taxes and taxes billed on behalf of the school district within the Township limits. Real property taxes not collected as of March 1 are turned over to Crawford County for collection, which advances the Township 100 percent of the delinquent taxes.

The 2003 taxable valuation of the Township totaled \$46,136,074, on which ad valorem taxes levied consisted of .8838 mills for the Township's operating purposes and 1.9472 mills for fire protection.

<u>Long-term Obligations</u> – In the fund financial statements, governmental funds do not report long-term debt and other long-term obligations as liabilities.

June 30, 2004

<u>Fund Equity</u> – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

#### Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

#### **Accounting Change:**

<u>GASB Statement No. 34</u> – Effective July 1, 2003, the Township implemented some of the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, <u>Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments.</u> The Township has not presented a Management Discussion and Analysis (MD&A) section, which provides an analysis of the Township's overall financial position and results of operations, and the government-wide financial statements prepared using full accrual accounting for all of the Township's activities.

<u>Modified Accrual Basis of Accounting</u> – The Township has presented its financial statements using the modified accrual basis of accounting. In previous years, the Township financial statements were prepared using a cash basis method of accounting. The modified accrual method is required by accounting principles generally accepted in the United States of America.

## NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

#### **Budgetary Information:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1. The Township Supervisor submits to the Township Board a proposed operating budget by June 30 of each year. The operating budget includes proposed expenditures and the means of financing them.
- 2. A public hearing is conducted to obtain taxpayer comments.
- 3. Prior to July 1, the budget is legally enacted by adoption of the Township Board.
- 4. Any revision that alters the total expenditures of any fund must be approved by the Township Board.
- 5. Formal budgetary integration is employed as a management control device during the year for all funds.

June 30, 2004

- 6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund and major Special Revenue Funds budgets as originally adopted and amended by the Township Board is included in the required supplemental information.
- 7. All annual appropriations lapse at fiscal year end.

#### **Excess of Expenditures Over Appropriations in Budgeted Funds:**

During the year, the Township incurred expenditures that were in excess of the amounts budgeted, as follows:

Special Revenue Funds:	Final Budget	Actual	Actual Over al Budget
Fire and Ambulance Fund:			
Public safety	\$ 105,400	\$ 134,325	\$ 28,925
Capital outlay	45,500	194,009	148,509
Debt service	-	51,466	51,466
Trash Collection Fund:			
Public works	96,000	100,693	4,693

#### **NOTE 3: DEPOSITS AND INVESTMENTS**

#### Deposits:

The breakdown between deposits and investments for the Township is as follows:

Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$	161,151
Investments held by banks	<u> </u>	50,038
Total	\$	211,189

The carrying amount of the Township's deposits were reflected in the accounts of financial institutions (without recognition of checks written but not yet cleared or of deposits in transit) at \$162,042, of which \$100,000 is covered by federal depository insurance and the remainder was uninsured and uncollaterized.

#### Investments:

State statutes authorize the Township to invest surplus funds in certificates of deposit, savings accounts and deposit accounts with banks and savings and loan associations which are members of FDIC, credit unions which are insured by NCUA, bonds, bills or notes of the U.S., commercial paper rated within the 3 highest classifications established, U.S. or federal agency obligation repurchase agreements, bankers' acceptances and mutual funds composed entirely of the aforementioned investments that are legal for direct investment by a Township.

June 30, 2004

Investments are categorized into these three categories of credit risk:

Category 1 – Insured or registered, or securities held by the Township or its agent in the Township's name;

Category 2 – Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and

Category 3 – Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

At year end, the Township's investment balances were categorized as follows:

			Reported				
	<u> </u>	1	 2	• • • • • • • • • • • • • • • • • • •	3		mount r Value)
Government securities	\$	-	\$ -	\$	-	\$	-
Investments not subject to categorization: Citizens Bank - Public Funds							50,038
Total investments						\$	50,038

June 30, 2004

#### **NOTE 5: LONG-TERM DEBT**

The Township issues notes and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment.

Long-term obligation activity can be summarized as follows:

	Interest Rate Ranges	Principal Maturity Ranges		eginning Balance		Additions eductions)	Ending Balance	Due Withi One Ye	n
Note payable - Road Improvement									
Maturing through 2004	5.44%	\$3,000	\$	24,889	\$	(24,889)	\$ -	\$ -	•
Installment purchase - 2000 3/4 Ton Truck									
Maturing through 2006	5.15%	415-435		13,364		(5,223)	8,141	5,0	93
Installment purchase - Lawn Mower									
Maturing through 2004	4.75%	164-171		1,838		(1,838)	-		
Note payable - Wood Pole Barn									
Maturing through 2004	1.80%	9,648-10,356		49,994		(49,994)	-	-	
Note payable - 2 Ambulances				•					
Maturing through 2008	2.74%	34,050		-		136,200	136,200	34,0	50
Note payable - Mower									
Maturing through 2006	4.75%	252-263				6,050			
			_	-		(2,704)	3,346	3,0	87
Total long-term debt			\$	90,085	<u>\$</u>	57,602	\$ 147,687	\$ 42,2	30

Annual debt service requirements to maturity for the above notes and contractual obligations are as follows:

Year Ended June 30,	_ <u>P</u>	rincipal	 Interest		Total
2005	\$	42,230	\$ 4,164	\$	46,394
2006		37,357	2,852		40,209
2007		34,050	1,866		35,916
2008		34,050	 933		34,983
	\$	147,687	\$ 9,815	<u>\$</u>	157,502

The Township's interest expense for the year ended June 30, 2004 was \$3,178.

June 30, 2004

#### NOTE 7: INTERFUND BALANCES AND TRANSFERS

The composition of interfund receivable and payable balances at June 30, 2004 is as follows:

Interfund transfers reported in the fund statements were as follows:

Funds Transferred From	Funds Transferred To	A	mount
General Fund	Nonmajor Governmental Fund		
	Building Fund	\$	24.832

The amount transferred was to finance operations of the Building Fund.

#### **NOTE 8: RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance to cover any potential claims associated with these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

#### NOTE 9: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

#### **Defined Contribution Pension Plan:**

The Township maintains a single employer defined contribution plan for elected Township officials. The Township contributes a variable amount of covered payroll annually, based on a formula related to the level of annual compensation. Vesting is immediate and complete (100%) from the date of contribution, subject to early withdrawal fees. The Township plan invests its contributions with Manulife Financial.

As of June 30, 2004, the pension plan's membership was four employees. The total amount of covered payroll for the year ended June 30, 2004 was \$28,987. Total payroll for the same period was \$111,382. Contributions to the Township plan during the year ended June 30, 2004 was \$2,400.

Distribution will be made upon separation or any date subsequent to separation and before age 70 ½ at the request of the employee, or at age 70 1/2, whichever is later.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contribution to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account.

## TOWNSHIP OF FREDERIC

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2004

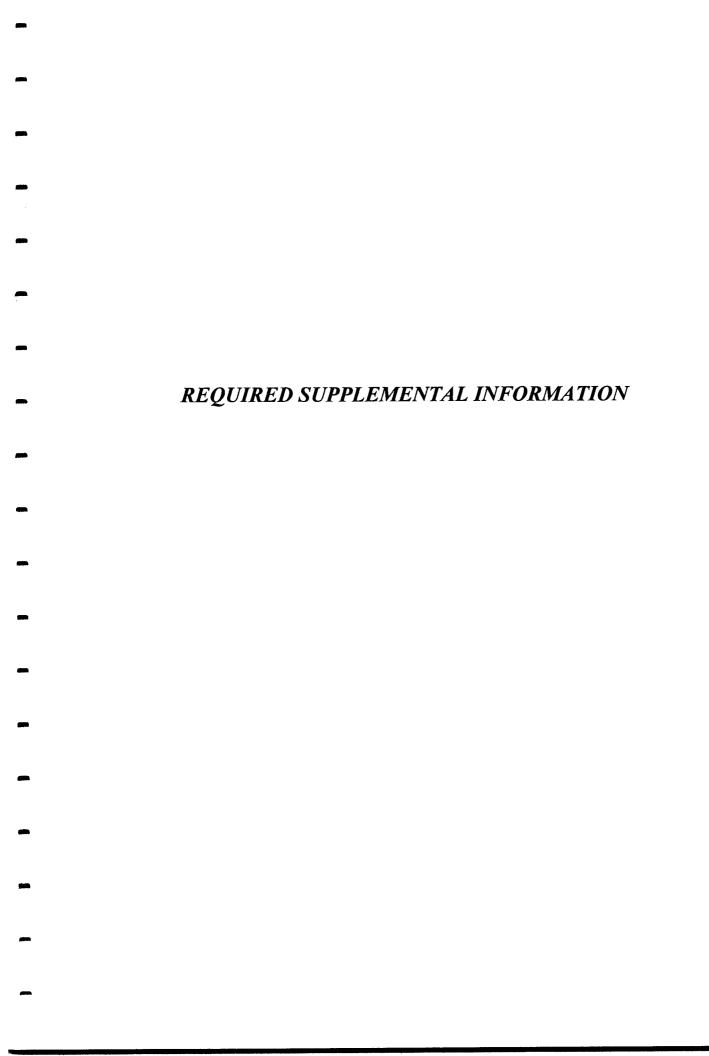
#### Post Employment Benefits:

The Township has no post employment benefits other pension plan.

#### **NOTE 10: CONTRACTUAL AGREEMENTS**

In addition to providing fire and ambulance services to its residents, the Township provides the same services to the residents of Maple Forest Township pursuant to a contractual agreement. The agreement is renewed annually. The charge for the services is based on the State Equalized Valuation of Maple Forest Township and the current fire and ambulance millage rate of the Township of Frederic. The Township received approximately \$21,700 from Maple Forest Township for those services for the year ended June 30, 2004.

The Township has contracted for trash collection services with Waste Management. Trash collection is conducted weekly and the Township is billed approximately \$8,200 per month for route collections.



## GENERAL FUND

## **BUDGETARY COMPARISON SCHEDULE**

								riance
		Budgeted	Am			A atual		orable
_		)riginal		Final		Actual	(Units	vorable)
Revenues:	\$	57,500	\$	57,500	\$	57,311	\$	(189)
Property taxes	Ф	37,300	Þ	37,300	Ф	18	Ф	18
Licenses and permits State grants		120,000		120,000		123,777		3,777
Charges for services		13,000		13,000		13,648		648
Interest and rents		5,000		5,000		4,136		(864)
Other revenue		2,800		2,800		5,024		2,224
Total revenues		198,300		198,300		203,914		5,614
Expenditures:								
General government		117,500		117,500		109,767		7,733
Public safety		1,600		1,600		1,582		18
Public works		8,000		8,000		7,107		893
Community and economic development		16,000		16,000		12,887		3,113
Recreation and culture		4,000		4,000		3,377		623
Other		6,000		6,000		6,080		(80)
Capital outlay		-		-		8,011		(8,011)
Debt service:								
Principal		36,000		36,000		34,654		1,346
Interest and charges	-			-		1,706		(1,706)
Total expenditures	<u></u>	189,100		189,100		185,171		3,929
Excess (deficiency) of						10 710		0 7 40
revenues over expenditures		9,200		9,200		18,743		9,543
Other financing sources (uses):								
Proceeds from loan		-		-		6,050		6,050
Transfers out		-		-		(24,832)		(24,832)
Total other financing sources (uses)						(18,782)		(18,782)
Net change in fund balance		9,200		9,200		(39)		(9,239)
Fund balance, beginning of year		50,659		50,659	_	50,659		-
Fund balance, end of year	\$	59,859	<u>\$</u>	59,859	\$	50,620	\$	(9,239)

## SPECIAL REVENUE FUND – FIRE AND AMBULANCE FUND

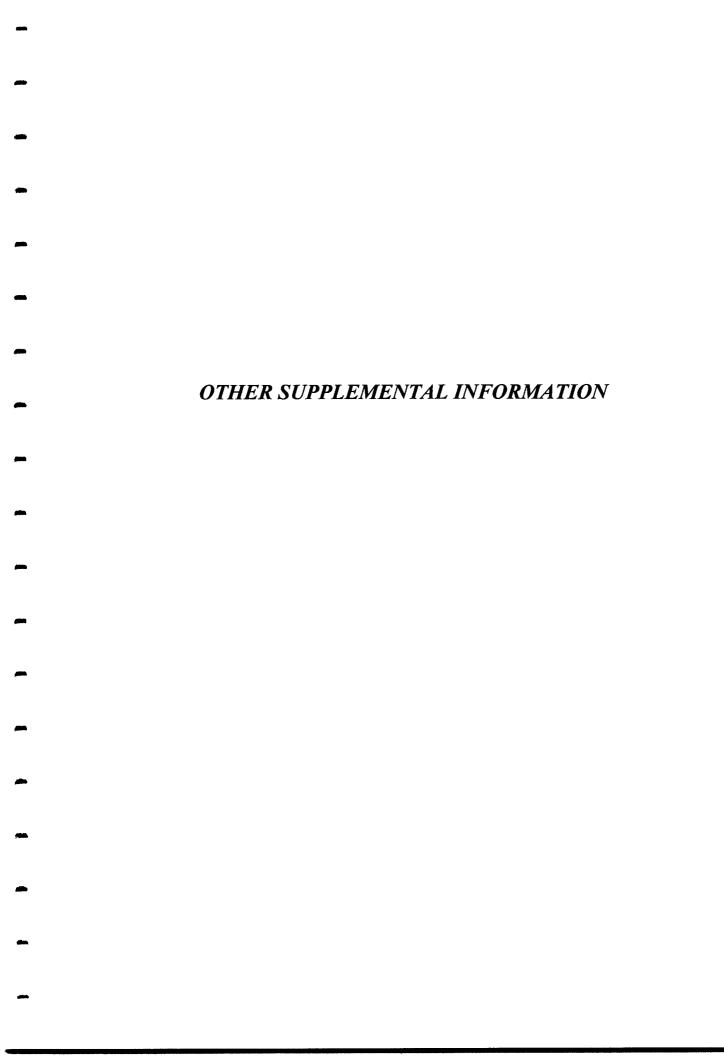
## **BUDGETARY COMPARISON SCHEDULE**

	Budgeted Amounts						Variance Favorable	
	Original		Final		Actual		(Unfavorable)	
Revenues:								
Property taxes	\$	80,000	\$	80,000	\$	87,541	\$	7,541
State grants		-		-		1,780		1,780
Contributions from other units		~		-		24,699		24,699
Charges for services		26,000		26,000		75,940		49,940
Other revenue				-		18,424		18,424
Total revenues		106,000		106,000		208,384		102,384
Expenditures:								
Public safety		105,400		105,400		134,325		(28,925)
Capital outlay		45,500		45,500		194,009		(148,509)
Debt service:								
Principal		-		-		49,994		(49,994)
Interest and charges		-		-	_	1,472		(1,472)
Total expenditures		150,900		150,900	_	379,800		(228,900)
Excess (deficiency) of								
revenues over expenditures		(44,900)		(44,900)		(171,416)		(126,516)
Other financing sources (uses):								
Proceeds from loan				-		136,200		136,200
Transfers in				-		-		-
Transfers out				-		<del>-</del> _		<del>-</del>
Total other financing sources (uses)		-		-		136,200		136,200
Net change in fund balance		(44,900)		(44,900)		(35,216)		9,684
Fund balance, beginning of year		91,939		91,939		91,939		-
Fund balance, end of year	<u>\$</u>	47,039	\$	47,039	<u>\$</u>	56,723	<u>\$</u>	9,684

## SPECIAL REVENUE FUND – TRASH COLLECTION FUND

## **BUDGETARY COMPARISON SCHEDULE**

	·			Variance
	Budgeted Amounts			Favorable
	<u>Original</u>	<u>Final</u>	Actual	( <u>Unfavorable</u> )
Revenues:				
Property taxes	\$ 105,645	<u>\$ 105,645</u>	\$ 119,441	<b>\$</b> 13,796
Total revenues	105,645	105,645	119,441	13,796
Expenditures:	96,000	96,000	100,693	(4,693)
Public works	96,000	90,000	100,093	(4,093)
Total expenditures	96,000	96,000	100,693	(4,693)
Excess (deficiency) of				
revenues over expenditures	9,645	9,645	18,748	9,103
Net change in fund balance	9,645	9,645	18,748	9,103
Fund balance, beginning of year	77,889	77,889	77,889	-
Fund balance, end of year	\$ 87,534	\$ 87,534	\$ 96,637	\$ 9,103



## GENERAL FUND

## **DETAILED SCHEDULE OF REVENUES**

Revenues:	
Current taxes:	
Property taxes Administration fees	\$ 40,718 16,593
Administration rees	57,311
Licenses and permits:	
Nonbusiness licenses and permits	18
	18
State grants:	
State revenue sharing - sales tax	96,170
Swamp tax	24,741
Other	2,866
	123,777
Charges for services:	
Cemetery fees	1,200
Other	12,448
	13,648
Interest and rents:	
Interest	4,136
	4,136
Other revenue:	
Cemetery lots/perpetual care	1,128
Contributions and donations	50
Reimbursements	2,993
Other	853
	5,024
Total revenues	203,914
Other Financing Sources:	
Proceeds from loan	6,050
	6,050
Total revenues and other financing sources	\$ 209,964

Expenditures:

## GENERAL FUND

## DETAILED SCHEDULE OF EXPENDITURES

General Government:	
Board:	
Personnel	\$ 2,318
Fringe benefits	2,652
Contracted services	531
Dues and memberships	899
Printing and publications	279
Insurance	10,179
Other	$\frac{1,160}{18,018}$
Carparajnar	
Supervisor: Personnel	10,419
Supplies	273
Contracted services	253
Travel/Mileage	328
Printing and publications	40
Other	345
out.	11,658
Clerk:	
Personnel	10,599
Supplies	1,260
Contracted services	75
Travel/Mileage	133
D 1 (D 1	12,067
Board of Review:	660
Personnel	32
Supplies	120
Contracted services	14
Travel/Mileage	179
Printing and publications	1,005
Treasurer:	
Personnel	10,475
Supplies	2,364
Contracted services	2,741
Travel/Mileage	410
Travellininage	15,990
Assessor:	
Personnel	19,980
Supplies	275
Contracted services	2,251
Travel/Mileage	600
•	23,106

Expenditures, continued: General Government, continued:

## GENERAL FUND

## **DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)**

deneral deveriment, commune	
Elections:	
Supplies	102
••	102
Buildings and Grounds:	
Personnel	11,673
Supplies	1,996
Contracted services	1,925
Telephone	1,300
Travel/Mileage	72
Utilities	4,184
Repairs and maintenance	3,108
Other	1,060
	25,318
Cemetery:	
Supplies	36
Contracted services	850
Utilities	121
Repairs and maintenance	1,496
	2,503
Total general government	109,767
Public Safety:	
Other Public Safety:	
Personnel	\$ 1,582
	1,582
Total public safety	1,582
Public Works:	
Street Lighting:	
Utilities	7,107
	7,107

#### GENERAL FUND

## **DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)**

Year Ended June 30, 2004

#### Expenditures, continued:

Community and Economic Development:	
Zoning:	11.000
Personnel	11,080
Supplies	151
Contracted services	1,170
Telephone	357 7
Travel/Mileage	122
Printing and publications	12,887
Total community and economic development	12,887
Recreation and Culture:	
Recreation/Parks:	
Utilities Utilities	210
Repairs and maintenance	34
Repairs and maintenance	244
Library:	
Telephone	610
Utilities	1,928
Repairs and maintenance	483
Other	112
	3,133
Total recreation and culture	3,377
Other:	
Payroll Taxes:	
Payroll taxes	6,080
	6,080
Total other	6,080
Capital Outlay:	
General government	7,629
Community and economic development	382
•	8,011
Debt Service:	
Principal	34,654
Interest and fees	1,706
	36,360
Total expenditures	185,171

# TOWNSHIP OF FREDERIC

#### GENERAL FUND

## **DETAILED SCHEDULE OF EXPENDITURES (CONTINUED)**

Year Ended June 30, 2004

Other	Financing	Uses:
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Transfers to other funds

24,832 24,832

Total expenditures and other financing uses

210,003

## NONMAJOR GOVERNMENTAL FUNDS

# COMBINING BALANCE SHEET

June 30, 2004

	_Special Re			
	Building Fund	Library Fund	Total Nonmajor Governmental Funds	
Assets:			4 10.050	
Cash and cash equivalents	<u>\$ 19,478</u>	<u>\$ 472</u>	\$ 19,950	
Total assets	<u>\$ 19,478</u>	\$ 472	\$ 19,950	
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued expenses	\$ 946	\$ 1	<b>\$</b> 947	
and accraca expenses		<u>-</u>		
Total liabilities	946	1	947	
Fund balances:				
Unreserved:	10.520	471	10.003	
Special revenue funds	18,532	471	19,003	
Total fund balances	18,532	471	19,003	
Total liabilities and fund balances	\$ 19,478	\$ 472	\$ 19,950	

#### NONMAJOR GOVERNMENTAL FUNDS

# COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

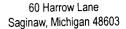
	Special Revenue Funds		
	Building Fund	Library Fund	Total Nonmajor Governmental Funds
Revenues:			
Licenses and permits	\$ 22,152	\$ -	\$ 22,152
Interest and rents	1	(1)	
Other revenue	30	942	972
Total revenues	22,183	941	23,124
Expenditures:	20.047		20.047
Public safety	28,947	1 200	28,947
Capital outlay	318	1,299	1,617
Total expenditures	29,265	1,299	30,564
Excess (deficiency) of revenues over expenditures	(7,082)	(358)	(7,440)
Other financing sources (uses): Transfers in	24,832	_	24,832
Transfers III			
Total other financing sources (uses)	24,832		24,832
Net change in fund balance	17,750	(358)	17,392
Fund balance, beginning of year	782	829	1,611
Fund balance, end of year	\$ 18,532	<u>\$ 471</u>	\$ 19,003

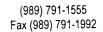
## FIDUCIARY FUNDS – AGENCY FUND

# COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

June 30, 2004

Assets Cash and cash equivalents	\$ 762	\$ 1,560,717	\$ 1,558,767	\$ 2,712
Total assets	\$ 762	\$ 1,560,717	\$ 1,558,767	\$ 2,712
Liabilities Accounts payable Due to other governmental units	\$ 762 -	\$ 225,966 1,334,751	\$ 224,992 	\$ 1,736 976
Total liabilities	\$ 762	\$ 1,560,717	<b>\$</b> 1,558,767	\$ 2,712







#### MANAGEMENT LETTER

To the Members of the Township Board Township of Frederic, Michigan

We have completed our audit of the financial statements of the Township of Frederic for the year ended June 30, 2004, and have issued our report thereon dated November 17, 2004. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Township's administration is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the administration with reasonable, but not absolute assurance that assets are safeguarded against unauthorized use or disposition and that transactions are executed in accordance with the administration's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township of Frederic taken as a whole. Our study and evaluation disclosed no conditions that we believe to be material weaknesses.

This report is intended solely for the use of the Township management and should not be used for any other purpose.

We wish to extend our appreciation to you and your staff for the assistance accorded us during our examination.

Sincerely,

Berthiaume & Company

Certified Public Accountants

Berthiaume & Co.

November 17, 2004